

COASTAL CONSERVANCY

Staff Recommendation

March 8, 2007

NAPA RIVER SALT MARSH RESTORATION PROJECT

File No. 01-022

Project Manager: Betsy Wilson

RECOMMENDED ACTION: Authorization to disburse up to \$187,100 for the development of 90% design documents and permit applications for Ponds 6, 6A, 7, 7A, and 8 of the Napa River Salt Marsh Restoration Project.

LOCATION: The northern edge of San Pablo Bay, bounded in the east by the Napa River and the west by Sonoma Creek, in Napa County (Exhibit 1)

PROGRAM CATEGORY: San Francisco Bay Area Conservancy

EXHIBITS

Exhibit 1: Project Location and Site Map

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31160-31164 of the Public Resources Code:

“The State Coastal Conservancy hereby authorizes disbursement of up to one hundred eighty-seven thousand one hundred dollars (\$187,100) for the development of 90% design documents and permit applications for Ponds 6, 6A, 7, 7A, and 8 of the Napa River Salt Marsh Restoration Project.”

Staff further recommends that the Conservancy adopt the following findings:

“Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with Chapter 4.5 of Division 21 of the California Public Code (Sections 31160-31165) regarding the Conservancy’s mandate to address the resource and recreation goals of the San Francisco Bay area.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.”

PROJECT SUMMARY:

The Napa River Salt Marsh, which consists of nearly 10,000 acres of wetlands and associated habitats within the former Cargill salt pond complex in the North Bay, was acquired in 1994 and is owned and managed by the DFG. Ponds 6-8 total 1,870 acres of the Napa River Salt Marsh. The Napa River Salt Marsh is within the 38,000 acre Napa-Sonoma Marsh Complex, a resource of national importance due to its size and because it provides habitat for migratory waterfowl and shorebirds as well as threatened and endangered species, such as the California clapper rail and salt marsh harvest mouse.

This authorization would provide up to \$187,100 for the development of 90% design documents and permit applications for Ponds 6, 6A, 7, 7A, and 8 ("Ponds 6-8") of the Napa River Salt Marsh Restoration Project. This project will produce construction documents that clearly detail, define, and coordinate restoration project features for the project site which are approximately 90% complete. At the 90% completion level, the plans lack some small details and may need some aesthetic improvements, but no major changes to the design concept will be required between the 90% and final (i.e., 100%) design documents. The 90% construction documents will include construction plans, technical specifications, a cost estimate, and a design report. The project will also prepare the necessary permit applications and associated back-up materials for the necessary San Francisco Bay Conservation and Development Commission ("BCDC") and San Francisco Bay Regional Water Quality Control Board ("RWQCB") permits.

Phase 1 of the Napa River Salt Marsh Restoration Project involves the restoration of Ponds 1, 1A, 2, 3, 4, and 5 ("Ponds 1-5"). Phase 2 is the subject of this authorization and includes the remaining ponds, Ponds 6-8. The proposed restoration work for Ponds 6-8 consists of improvements and repairs to water control structures and levee improvements. The Conservancy originally intended to enter into an agreement with the U.S. Army Corps of Engineers ("Corps") to complete the preconstruction and engineering design for Ponds 6-8, but the two parties were unable to come to terms on the language of the required Preconstruction Engineering and Design Cost Share Agreement.

In June 2006, to keep the Ponds 6-8 restoration project moving forward without Corps involvement, the Conservancy contracted with URS Corporation Americas ("URS") to complete the 50% design documents for Ponds 6-8. Pursuant to this contract, the 50% design will be completed by the end of March 2007. The Conservancy is now looking to further develop the 50% design to the 90% design level and to concurrently prepare the necessary permit applications. Once the project is authorized by Congress in the Water Resources Development Act ("WRDA"), the Corps will enter into a Project Cooperation Agreement with the California Department of Fish and Game ("DFG"), complete final design, and construct the Ponds 6-8 work.

Conservancy staff does not foresee any Conservancy financial contributions during the construction phase of the overall Napa River Salt Marsh Restoration Project, including the restoration of Ponds 6-8. The non-federal share of funds required for implementation in a Corps Ecosystem Restoration Project is 35 percent of the total project cost, but CALFED and State Wildlife Conservation Board ("WCB") funds going towards the restoration of Ponds 1-5, the value of DFG's land, and other non-federal contributions can be counted toward this match. DFG is planning to be the non-federal sponsor during construction.

The Napa River Salt Marsh Restoration Project is supported by scientists and resource managers represented by over 15 agencies and other organizations involved in this project, and by State and Federal legislators representing this area, and is a recommendation of the San Francisco Baylands Ecosystem Habitat Goals Report. The project is expected to serve as a model for restoration of commercial salt ponds in the South San Francisco Bay, acquired by the state and federal governments in 2003.

Site Description: The Napa River Salt Marsh Restoration Project includes approximately 10,000 acres of the Napa-Sonoma Marsh Complex. The Napa River Salt Marsh was first diked off from the San Pablo Bay during the 1850s for hay production and cattle grazing. Much of the land was later converted to salt ponds, for salt production by the solar evaporation of bay water. In the early 1990s, the Cargill Salt Company ceased the production of salt and sold 9,850 acres of evaporator ponds and associated remnant sloughs and wetlands on the west side of the Napa River to the State of California for \$10 million. These ponds and remnant marshes and sloughs are now managed by DFG as the Napa River Unit of the Napa-Sonoma Marshes State Wildlife Area.

Ponds 6-8 account for 1,870 acres of the Napa River Salt Marsh. Ponds 6, 6A, 7A, and 8 have salinity that may range as high as 50 to 70 parts per thousand (“ppt”) in the summer. For comparison, seawater salinity is typically in the range of 32 to 35 ppt, and the Napa River summer salinity in this area is typically about 20 ppt. Bittern, the highly concentrated residue left after sodium chloride is harvested, is stored in Pond 7. The salinity in Pond 7 ranges as high as 300 ppt. Bittern in high concentration is toxic to aquatic wildlife.

Initially Ponds 6-8 will be restored as managed ponds. Ponds 6 and 6A may be converted to tidal wetlands in 10 to 20 years, while Ponds 7, 7A, and 8 will remain managed ponds in the long term. To function effectively as managed ponds, Ponds 6-8 require levee repairs and the construction of various water control structures.

The entire Napa-Sonoma Marsh Complex is spread over an area of approximately 38,000 acres. It includes more than nine miles of shoreline between the Napa River and Tolay Creek in Sonoma County. Its northern boundary is the upper limit of the historic tidelands. Most of the former tidal wetlands in the Napa-Sonoma Marsh Complex have been converted to salt ponds or diked agricultural grazing lands.

Although the marsh complex is degraded, it provides habitat for a number of threatened or endangered species including the California clapper rail, California black rail, salt marsh harvest mouse, San Pablo song sparrow, Sacramento River winter-run chinook salmon, Steelhead trout, Sacramento splittail (fish), Delta smelt (fish), and Mason's lilaeopsis (plant). The former salt ponds in the Napa-Sonoma Marsh Complex provide habitat for large populations of waterfowl and shorebirds.

Project History: An estimated 85 percent of the historic tidal marshes in the San Francisco Bay-Delta Estuary have been filled or significantly altered over the past two centuries. The San Pablo Bay's diked baylands provide an opportunity for large-scale restoration of tidal marsh, and over the last decade, state and federal resource and regulatory agencies have purchased a number of properties within the Napa-Sonoma Marsh Complex, with the intent to restore much of the land to tidal marsh. Acquisitions include: U.S. Fish and Wildlife acquisition of the 1,400-acre Cullinan Ranch, DFG's acquisition of nearly 10,000 acres of former Cargill Salt Ponds and 62 acres along Huichica Creek, and the potential future transfer of Skagg's Island to the U.S. Fish

and Wildlife Service or DFG. In March, 1994, the Conservancy disbursed \$1 million to assist in the \$10 million DFG acquisition of the Cargill Salt Ponds (Napa Salt Marsh). DFG has managed these ponds for over 10 years, and habitat values have declined due to infrastructure and funding constraints.

Following are key events in the Napa River Salt Marsh Restoration Project since the property was acquired by DFG in 1994:

- In September 1994, the Corps was authorized by Congress to prepare a Reconnaissance Study on restoration of the lower Napa River. Following an initial inquiry, the Corps decided to focus the study on the DFG-owned former salt pond complex.
- A draft Reconnaissance Study, finalized in 1997, concluded that there was a Federal interest in conducting a Feasibility Study for the project.
- In July 1997, the Conservancy agreed to serve as the non-federal sponsor in Phase One of the Corps' Feasibility Study, and to expend funds and provide in-kind services to complete work elements in the Project Management Plan for the Feasibility Study.
- In June 2001, the Conservancy agreed to continue as the non-federal sponsor through Phase 2 of the Feasibility Study and expend additional funds in order to complete the work elements in the Project Management Plan. The total cost of the Feasibility Study, including federal and non-federal funds and staff time, was approximately \$6 million, of which the Conservancy and other non-federal sources contributed over \$3 million.
- The Feasibility Study was completed in December 2004 with the signing of the Feasibility Report by the Corps' Chief of Engineers.
- In 2004-2005, the Conservancy used CALFED grant funds to contract an engineering firm to prepare design documents for Ponds 3-5. Simultaneously, DFG engineers produced design documents for Ponds 1-2.
- Ducks Unlimited began construction of Phase 1 of the project (Ponds 1-5) in late 2005. Ponds 3-5 have already been constructed. Construction of Ponds 1, 1A, and 2 is scheduled to begin in early 2007 and be completed by late 2007. The CALFED Bay-Delta Program contributed \$4.5 million in state funds for final design, monitoring, and construction of Ponds 3-5 and the Wildlife Conservation Board contributed approximately \$12 million in state funds towards construction of Ponds 1-5. This phase of the project moved forward entirely without the Corps.

Since December 2005, the Conservancy has been seeking authorization of the project by Congress in the Water Resources Development Act, which would allow the Corps to construct the restoration project, at a 65% federal to 35% non-federal cost-share ratio. The CALFED and WCB funds used to construct Phase 1, the value of DFG's land, and other non-federal contributions, including the funds that are the subject of this authorization, will be counted toward this match. If Congress provides for crediting of the Phase 1 work in Ponds 1-5, little to no additional non-federal funds will be required to construct the Phase 2 work in Ponds 6-8.

PROJECT FINANCING:

Coastal Conservancy	<u>\$187,100</u>
Total Project Cost	\$187,100

The expected source of the proposed grant is a FY 04/05 appropriation made to the Conservancy pursuant to the California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Act of 2002 (Proposition 40), which allocates bond funds to the Conservancy, in part, to protect, restore, and enhance natural habitats of regional importance in the San Francisco Bay Area consistent with the Conservancy's enabling legislation. The proposed project will accomplish these purposes by developing plans for the restoration of Ponds 6-8, which total 1,870 acres of the Napa River Salt Marsh.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The project is undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31165, to address resource goals in the San Francisco Bay Area.

The Napa River Salt Marsh is located in Napa and Solano Counties, consistent with Section 31162 of the Public Resources Code, which authorizes the Conservancy to undertake projects and award grants in the nine-county San Francisco Bay Area.

Under Section 31162(b), the Conservancy may act to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional significance. The ultimate implementation of the Napa River Salt Marsh restoration project would restore and enhance nearly 10,000 acres of wetlands, and would be a habitat restoration project of regional and national significance. This project will develop restoration plans for Ponds 6-8, which total 1,870 acres for the Napa River Salt Marsh.

Consistent with Section 31162(c), the Napa River Salt Marsh Restoration Project would implement the policies and programs of the *San Francisco Bay Plan*, as described in the "Consistency with the San Francisco Bay Plan" section of this staff recommendation.

Under Section 31162(d), the Conservancy may act to promote, assist, and enhance projects that provide open space and natural areas that are accessible to urban populations for recreational and educational purposes. Napa River Salt Marsh provides an important open space resource for recreational purposes. The Napa River Salt Marsh Restoration Project includes a recreational component, which focuses on hunting, fishing, birdwatching, and boating.

Consistent with Section 31163(c), the Napa River Marsh Restoration Project is: (1) supported by adopted regional plans (*San Francisco Bay Plan*), (2) serves a regional constituency, as the Napa River Salt Marsh is a hunting, fishing, birdwatching, and boating destination for the Bay Area, (3) can be implemented immediately, (4) provides benefits that would be lost if the project is not quickly implemented, and (5) includes significant matching funds.

**CONSISTENCY WITH CONSERVANCY'S
STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 10, Objective B**, the proposed project will result in design documents for 1,870 acres of wetlands enhancement.

**CONSISTENCY WITH CONSERVANCY'S
PROJECT SELECTION CRITERIA & GUIDELINES:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** In addition to widespread support within the Bay Area Congressional Delegation and by State Senators and Assemblymembers, restoration of the Napa-Sonoma Marshes is supported by Sonoma County Water Agency, the San Francisco Bay Joint Venture, The Bay Institute, Ducks Unlimited, Save The Bay, and the National Audubon Society. In addition, staff from the U.S. Fish and Wildlife Service, NOAA Fisheries, U.S. Geological Survey, the San Francisco Bay Regional Water Quality Control Board, and the San Francisco Bay Conservation and Development Commission support the project and are participating in the restoration design process. Participants at several public meetings have indicated strong support for the project.
4. **Location:** The Napa-Sonoma Marsh lies in the nine-county San Francisco Bay Area, consistent with Section 31162 of the Public Resources Code.
5. **Need:** To date, the Napa River Salt Marsh Restoration Project has been authorized by Congress in the Water Resources Development Act ("WRDA"). Conservancy funds are needed at this time to keep the design of the project moving forward from the 50% phase to the 90% phase and to prepare the necessary permit applications.
6. **Greater-than-local interest:** Restoration of this area is of national interest and will result in the largest tidal wetland restoration project on the west coast of the United States to date. The entire Napa-Sonoma Marsh Complex consists of approximately 38,000 acres of tidelands and diked historic baylands. The proposed project will allow for final design for a portion of the 10,000 acres of former salt ponds along the Napa River. Restoration or enhancement of the salt ponds will provide numerous direct and indirect benefits to a large number of species and habitats. These include anadromous and Delta-dependent fish species, including the federally-endangered Delta Smelt and Steelhead Trout, along with numerous species of waterfowl and shorebirds, and several threatened or endangered species, including the California clapper rail, California black rail, salt marsh harvest mouse, and San Pablo song sparrow.

Additional Criteria

7. **Urgency:** There is an urgent need to protect existing wildlife habitat from uncontrolled salt or bittern releases and improve pond management for migratory shorebirds and waterfowl.
8. **Resolution of more than one issue:** The Napa River Salt Marsh Restoration Project is intended to solve DFG management problems, improve managed pond habitat for migratory birds, restore large areas of tidal marsh for endangered species and migratory birds, and enhance public access and recreational opportunities.
9. **Leverage:** See the “Project Financing” section above.
10. **Innovation:** The proposed project is expected to be a model for how to coordinate a scientifically sound, complex restoration project. The experience gained with the North Bay salt pond restoration will be invaluable as restoration planning proceeds in the South Bay. The lessons learned can also be applied to smaller scale restorations throughout the Bay Area.
11. **Readiness:** The 50% design documents for the restoration of Ponds 6-8 will be completed in March 2007, and the project is ready to move to the 90% design phase.
12. **Realization of prior Conservancy goals:** “See “Project History” above.”
13. **Cooperation:** The Napa River Salt Marsh Restoration Project involves numerous public agencies, nongovernmental agencies, landowners, and funders. The Napa Sonoma Marsh Restoration Group meets regularly to coordinate work and cooperate on restoration projects within the 38,000-acre Napa-Sonoma Marshes.

CONSISTENCY WITH SAN FRANCISCO BAY PLAN:

The salt ponds that make up the Napa River Salt Marsh Restoration Project are within the permit jurisdiction of the San Francisco Bay Conservation and Development Commission (“BCDC”). Prior to construction, a permit will be needed from BCDC.

The project is consistent with the following policies found in Part III - The Bay as a Resource: Findings and Policies - of BCDC's San Francisco Bay Plan (“Bay Plan”):

Water Quality

Findings and Policies Concerning Water Quality in the Bay
Policies

1. [T]he Bay’s tidal marshes, tidal flats, and water surface area and volume should be conserved and, whenever possible, restored and increased to protect and improve water quality. ...

Tidal Marshes and Tidal Flats

Findings and Policies Concerning Tidal Marshes and Tidal Flats Around the Bay
Policies

4. Where and whenever possible, former tidal marshes and tidal flats that have been diked from the Bay should be restored to tidal action in order to replace lost historic wetlands or should be managed to provide important Bay habitat functions, such as resting, foraging

and breeding habitat for fish, other aquatic organisms and wildlife. As recommended in the Baylands Ecosystem Habitat Goals report, around 65,000 acres of areas diked from the Bay should be restored to tidal action. ...

The project is also consistent with the following policy found in Part IV - Development of the Bay and Shoreline: Findings and Policies – of the Bay Plan:

Salt Ponds

Findings and Policies Concerning Salt Ponds Around the Bay

Policies

2. If the owner of any salt ponds withdraws any of the ponds from their present uses, the public should make every effort to buy these lands and restore, enhance or convert these areas to subtidal or wetland habitat. This type of purchase should have a high priority for any public funds available, because opening ponds to the Bay represents a substantial opportunity to enlarge the Bay and restoring, enhancing or converting ponds can benefit fish, other aquatic organisms and wildlife, and can increase public access to the Bay.

COMPLIANCE WITH CEQA:

Under 14 California Code of Regulations (“CCR”) Section 15262, feasibility and planning activities are statutorily exempt from California Environmental Quality Act (“CEQA”) review. Similarly, 14 CCR Section 15306 categorically exempts basic data collection, research, and resource-evaluation activities which do not result in a serious or major disturbance to an environmental resource. Upon approval, staff will file a Notice of Exemption for the project.